GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1585
ANSWERED ON:04.03.2016
Educational Loan
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has any proposal to provide subsidy/low interest rates on educational loan and introduce a new employment oriented educational loan policy for economically weaker sections/backward students in the country and if so, the details thereof;

(b) whether the Government provides loan to students for obtaining higher education, if so, the details thereof alongwith the amount of educational loans disbursed by banks during each of the last three years and the current year, bank and State-wise; and

(c) the steps taken/being taken by the Government to provide easy loans to students and the time by which the proposed new education loan policy will be finalised by the Government?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE)

(a) There are three Central Sector Interest Subsidy Schemes for educational loans, already existing:

(i) Central Scheme to provide Interest Subsidy (CSIS) administered by the Ministry of HRD. Under the scheme full interest subsidy is available for the students belonging to economically weaker sections, for studies in India, for educational loans disbursed on or after 1st April, 2009 during the period of moratorium.

(ii) PadhoPardesh scheme administered by the Ministry of Minority Affairs. The objective of the scheme is to award interest subsidy to meritorious students belonging to economically weaker sections of notified minority communities for overseas studies.

(iii) DrAmbedkar Central Sector Scheme of Interest Subsidy on Educational Loan for Overseas Studies for Other Backward Classes administered by the Ministry of Social Justice and Empowerment. Under the scheme, interest payable by the students for the period of moratorium is borne by the Government of India.
(b) All Scheduled Commercial Banks provide Educational Loan for pursuing higher education in India and abroad. The total education loans disbursed / outstanding of Public Sector Banks for the last three years are given in Annexure-I. State-wise data on the number of accounts and outstanding credit pertaining to Education Loan reported and classified as Priority Sector Advances by Scheduled Commercial Banks (SCBs) as on March, 31, 2013, 2014 and 2015 are furnished in Annexure-II.
(c) The Model Education Loan Scheme is modified from time to time by Indian Banks' Association (IBA) keeping in view the needs of the students. The last such revision was made in August, 2015.

In order to facilitate easy processing and disbursal of loans, Government has launched a web-based portal viz. Vidya Lakshmi Portal. Students can view, apply and track the education loan applications.

Government of India has launched a Credit Guarantee Fund Scheme for Education Loans (CGFSEL) wherein collateral free loan is given upto Rs.7.5 lakh.

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